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**2004 Post-Session Newsletter**  
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*State Senator*  
**Larry Borst**

Serving District 36 — Johnson and Marion Counties



## Session Ends on High Note

The media reports of the ineffectiveness of the recently concluded short session of the General Assembly are grossly over-exaggerated. The session turned out to have several redeeming qualities. Most observers feel that during non-budget writing sessions, legislators should consider only emergency issues, such as new federal and court mandates. Last October, there were generally few expectations for legislation during the upcoming session.

Now it seems the legislative session will be defined as inefficient at solving the budget shortfall, eliminating the property tax, funding full day kindergarten and a host of other subjects that have laid dormant for the past 16 years or so.

### Full Day Kindergarten

Governor Kernan set the tone for future legislative effort in his State of the State speech in January. He took up the challenge of making sure that Indiana would live within the 2003 budget. He noted that the state was in a fiscal crisis that might see him make cuts in appropriations. Then he presented

the idea of instituting full day kindergarten to all five-year-olds in the state. To do so would have committed the state to come up with \$125 million each and every year to fund the program. Short of an increase in taxes, there was no way to promise the schools the funding. Instead of educating 60,000 new kids per year, in the final days of the legislature, Governor Kernan wanted to settle on a somewhat token full day kindergarten program that would have excluded all but 2,000 kids.

### Property Tax Reforms

Many citizens may have forgotten that the legislature met for three weeks during November and December. We passed Senate Enrolled Act 1, which was signed into law by the governor in December. This legislation will dramatically slow down the present escalation of property taxes by controlling excessive budget increases at the local level. More local budgets will have to be reviewed by elected fiscal bodies. If your property taxes on your home went up dramatically last year, they should not in 2004

— see Legislative Summary, page 2

## Why Do We Have Property Taxes?

The property tax is the most difficult tax to comprehend. There has been a lot of talk in the media lately about the property tax situation in Indiana. Some of the issues regarding property taxes can be confusing, and I would like to help clarify some of your frequently-asked questions.

Property taxes fund the majority of local government operations. According to the National Conference of State Legislatures, local government relies upon property taxes for almost 90 percent of its tax revenue. These taxes pay for a variety of services, including teachers' salaries, school buildings, parks, police and fire protection, libraries, poor relief and other municipal and school functions. In Indiana, state government receives less than one tenth of a percent of all property taxes collected.

Some citizens believe that the property tax is outdated, and unfair to those who have to pay it. Historically, property taxes have funded local governments in the United States since the mid-1800s. Back

then, ownership of property was a better indicator of a person's wealth. More property meant more wealth. It was fair to tax a person's land because it was more representative of how much money he earned.

Today, fairness is not so clear. Ownership of property is not always an indication of how much wealth a person has and certainly not indicative of the person's income and ability to pay taxes.

This most recent reassessment evaluated land based upon market value. The Supreme Court ruled that the previous method of reassessment was unfair to homeowners because homes with similar values were assessed differently.

Some citizens have recommended moving toward a system based more on a citizen's ability to pay, such as a higher income and sales tax. No tax is popular, and especially not the income tax, which has not been well-received by the public in the past when it was proposed. Increasing the sales

tax also may create more problems because it is not based on one's ability to pay and hurts lower income people the most. And right now, an increase of two or three pennies on the dollar is not enough to make up the billions needed to eliminate the property tax.

One of the reasons that this move toward elimination of the property tax is difficult for governments is that it is a very stable form of revenue. In times of recession, such as the last several years when citizens' income levels were lower, sales and income tax collections decreased and the state has had trouble funding essential government programs and services.

Legislators want to help those with high property tax bills. In the 2002 special session, the legislature raised the sales tax a penny and dedicated all of the money to property tax relief for homeowners. Currently, one third of the state budget goes toward property tax relief, dedicating over \$3.6 billion a year.

We have worked to solve those problems that can be fixed immediately. We'll continue to explore ways to reduce the reliance on property tax and work toward solutions that reflect the concerns of all citizens across Indiana.

## 2004 Facts & Figures

The Second Regular Session  
of the 113th General Assembly  
began on Organization Day,  
November 18, 2003,  
and adjourned March 4, 2004.

This non-budget year is known as  
the "short" session.

Senate bills introduced: 503  
Senate joint resolutions introduced:  
10

Senate bills passed: 19  
Senate joint resolutions passed: 0

House bills introduced: 459  
House joint resolutions introduced: 7

House bills passed: 80  
House joint resolutions passed: 0

Percent of introduced bills that were  
sent to the governor: 10.3%

For more information  
about the General Assembly's  
2004 session,  
visit us online at:  
[www.in.gov/legislative](http://www.in.gov/legislative)

## Southport Little League Victorious at the Statehouse

Legislation to refund \$21,000 to the non-profit Southport Little League passed the legislature. In a previous update, I had reported that through a comedy of errors, the Southport Little League was assessed and paid property taxes. After my update, I was taken to task for even considering such a minor issue.

Representative Mike Murphy and I did not consider this issue as irrelevant and a waste of time. \$21,000 may not sound like much, but for those who have been involved in youth activities; it is a goodly sum of money. I think that righting the wrong for the Little League and making Marion County return the money was well worth the time.



Medicare Fraud  
Schemes Target  
Senior Citizens

Senior citizens should be alert and aware of identity theft schemes that are intended to defraud the Medicare program. Although this program is run by the federal government, state legislators have been alerted to a scam that could carry a devastating cost.

There have been reports in Indiana, Nebraska, Oklahoma and Georgia of individuals going door-to-door to sign up senior citizens for the Medicare Prescription Drug Cards or to sell them Medigap insurance. Seniors are offered an opportunity to sign up in exchange for their Medicare numbers. MEDICARE DOES NOT GO DOOR-TO-DOOR.

Seniors can protect themselves:

- Never give your Medicare, Medicaid, or Social Security number to anyone who comes to your door.
- Never give these numbers to anyone who promises "free services."
- Hang up on telemarketers who ask for any of these numbers or for your bank account number.

Call, toll-free, 1-800-986-3505 to report suspected Medicare fraud and abuse. It will ring into your local Area Agency on Aging. Area Agencies are part of the Medicare fraud prevention project called Senior ESP.

All suspected fraud and abuse case information is confidential.

Legislative Summary

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unless there has been an addition to the building. I don't know how long these controls will remain in effect, but they will help to control the out-of-control property tax increases.

Compromise is reached

The day before the end of the session, I had severe doubts about the credibility of the session. The House had walked out of the chambers over the issue of defining marriage. (The Senate had passed that definition in an overwhelming manner in early February.) Too many of our elected officials were posturing for their own reelection efforts and not following proper procedure. My doubts faded at about three o'clock in the afternoon of the final day, when there were several compromises and the bills that I had concerns with seemed to come together all at once.

Three bills that I was a conferee on dealt with fiscal matters and related subjects. All agreed on the committee reports, which were signed and passed by both houses and sent to the governor. What had been a lousy session in the morning turned out to be fairly decent in the manner of enacting needed legislation.

Daylight Saving Time Debate Continues

With the Indianapolis media clamoring for a time change, the public made their opinions known. Legislators representing western Indiana wanted Indiana to be placed in the Central time zone and observe Daylight Saving Time. Other legislators representing eastern Indiana were as adamant that Indiana should go with Eastern Daylight Savings. My own mail and e-mails ran strongly in favor of keeping things how they are. There are too many valid opinions on the Daylight Saving Time issue to make a good decision. Perhaps we should hold a statewide referendum and change to the zone that receives more than 50 percent of the votes. In the meantime, I imagine that we will stay on the present divided time for a while longer.

No Pay Raises Approved

Contrary to popular belief, no pay raises for legislators, elected officials or judges passed. I did not support legislation forming a new commission charged with formulating a plan for increased salaries.

Looking Ahead...

The 2005 session will be a challenge. The state has received \$360 million less in tax revenue than was expected a year ago. Hopefully, a pick-up in the economy will aid in balancing the present budget. I still do not think that an increase in state-collected taxes is the answer to the state's fiscal problems. I think that the governor, whoever that may be next year, will have to make priorities for funding and make do with the present income of the state.

What Senate Enrolled Act 1 Does:

- Allows counties to waive penalties assessed for late payment of property taxes
- Allows taxpayers to pay their property taxes in installments
- Extends the filing deadline for existing property tax deductions and exemptions
- Requires approval from elected officials of significant property tax increases by non-elected boards, such as libraries.
- Streamlines the property tax appeal process to make it easier for taxpayers
- Requires assessors to use most favorable assessment method for rental properties
- Repeals local governments' ability to raise and spend excess levies and requiring any excess funds to be used to reduce future levies

SUMMARY  
- of -  
BILLS

Property Tax

- Added necessary amendments to SB 1 for property tax control
- Increased the value of existing property tax deductions for seniors, the blind and disabled, disabled veterans and their spouses, and rehabilitated properties

Enhanced economic development

- Made permanent the Indiana Research and Development Credit
- Promoted economic development at Crane Naval, Grissom Air Base and Fort Benjamin Harrison
- Expanded provisions for Community Revitalization Enhancement Districts which are created to enhance new job growth
- Extended the expiration date for the Hoosier Business Investment Tax Credit
- Extended eligibility for Economic Development for a Growing Economy Tax Credits

Changes in Public Policy

- Exempted gun owners from lawsuits if their weapons are stolen and later cause harm to someone
- Increased booster seat requirement for children under eight years of age riding in the rear seat
- Improved several child abuse laws to protect safety
- Required every child entering Grades 9-12 to be immunized against hepatitis B
- Increased the jail time of a drunken driver or a driver under the influence of certain drugs if he causes a fatality
- Changed the clerk of the supreme and appellate courts to an appointed position instead of being elected. Will be appointed by the Chief Justice of the Indiana Supreme Court



Addressing the Senate, Senator Borst recognizes the faculty and students of the R.I.S.E. Learning Center. The Senate congratulated and expressed its appreciation to the students for sharing their love of music and singing with many in the community. The R.I.S.E. Learning Center Performing Group sang "God Bless America."

Changes in Tax Policy

- Required the Indiana Department of Revenue to publish on the Internet the names and addresses of delinquent taxpayers who have owed more than \$1000 in taxes and penalties for more than 24 months
- Repealed Indiana's sales tax on free hotel rooms
- Exempted itemized installation fees from Indiana's sales tax
- A 2 percent cost-of-living increase for retired members of the Public Employee Retirement Fund. For members of the Teachers' Retirement Fund, increases of 1 percent to 3 percent
- Created two study committees:
  - 1) To investigate replacing Indiana's property taxes
  - 2) To study local government efficiency and financing

Constitutional Amendments

- Established ballot wording for three proposed amendments to the Indiana Constitution
  - 1) The exemption of certain property from taxation
  - 2) A uniform starting date for terms of county officials
  - 3) The transfer of power when the offices of the governor and lieutenant governor are vacant

HOUSE ENROLLED ACT 1273 — Amends the comprehensive health insurance association (ICHIA) law concerning premium rates, assessments, tax credits, provider reimbursement, provider contracting, and balance billing. PASSED. My vote: YES

SENATE BILL 85 — Makes it illegal to have open alcoholic beverage containers in a motor vehicle, regardless of whether or not the driver has been drinking. This law would bring Indiana \$13 million in federal funds. FAILED. My vote: YES

HOUSE ENROLLED ACT 1082 — Requires a review of entries in the Missing Children Clearinghouse within 60 days after the review required by laws governing reports made to the National Crime Information Center (NCIC). PASSED. My vote: YES

HOUSE ENROLLED ACT 1136 — Forms the Methamphetamine Abuse Task Force to develop a long range plan for combating the abuse and manufacturing of methamphetamine, also known as meth. PASSED. My vote: YES

SENATE JOINT RESOLUTION 7 — Would have begun the process of amending the state constitution to define marriage as the union of one man and one woman. Because it failed in the House, the earliest the provision could appear on the ballot is 2008. FAILED. My vote: YES

HOUSE ENROLLED ACT 1229 — Protects consumers from predatory lending. Establishes the homeowner protection unit in the office of the attorney general. Requires home ownership education programs. PASSED. My vote: YES